

Message Text

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ACTION EA-09

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USLO PEKING
OECD PARIS
CINCPAC HONOLULU HI
COMUSJAPAN YOKOTA

C O N F I D E N T I A L SECTION 1 OF 2 TOKYO 18809

CINCPAC ALSO FOR POLAD

E.O. 11652: GDS
TAGS: PINT, JA
SUBJECT: NEW PRIME MINISTER TAKEO FUKUDA

SUMMARY: IN MARKEDLY CHANGED DOMESTIC CONTEXT, NEW
FUKUDA ADMINISTRATION SIGNALS RETURN TO FAMILIAR POST-
WAR GOVERNMENTAL PATTERN. PROBLEMS WILL BE TACKLED
BY RELATIVELY UNIFIED LDP, WITH WILLING COOPERATION OF
BUREAUCRACY AND BUSINESS COMMUNITY. PREEMINENCE OF US
TIE WILL BE UNDERSTOOD AND ACKNOWLEDGED, ALTHOUGH FULL
AND FRANK CONSULTATIONS WILL BE EXPECTED ON ALL IMPORTANT
MATTERS. (FOR MOSTLY DOMESTIC REASONS, HOWEVER, JAPANESE
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MAY NOT WANT TO HAVE CONSULTATIONS PUBLICIZED OR SHARE
RESPONSIBILITY FOR DECISIONS REACHED.) ON MOST INTER-
NATIONAL POLITICAL ISSUES, JAPAN WILL BE INCLINED TO DEFER
TO US GUIDANCE, DESPITE SUBSTANTIALLY GREATER PERCEIVED
EQUALITY BETWEEN OUR NATIONS.

ON ECONOMIC ISSUES, JAPANESE LEADERSHIP CERTAINLY HAS EXPERTISE AND WILLINGNESS TO MAKE UNPOPULAR ECONOMIC DECISIONS CONSISTENT WITH JAPAN'S INTERESTS. BUT EVEN A FUKUDA GOVERNMENT SO-INCLINED WILL HAVE TO CONSIDER NEED TO APPEAL TO MEDIA AND PEOPLE TO ASSURE UPPER HOUSE ELECTION SUCCESS NEXT JUNE. MOST AGREE FUKUDA'S FUTURE WILL DEPEND IMPORTANTLY ON IMPROVED LDP IMAGE -- NEW FACES AND NEW DEPARTURES. WHILE FUKUDA APPARENTLY RECOGNIZES THIS, IT REMAINS TO BE SEEN HOW FAR HE CAN MOVE AND STILL RETAIN SUPPORT OF PARTY SENIORS WHO BROUGHT HIM TO POWER. END SUMMARY.

1. ELECTION OF TAKEO FUKUDA AS JAPANESE PRIME MINISTER DECEMBER 24 MARKS SUCCESS OF FUKUDA-OHIRA ALLIANCE AND MONTHS LONG DRIVE OF ANTI-MIKI "PARTY UNITY" GROUP WITHIN RULING LIBERAL DEMOCRATIC PARTY (LDP). UNABLE TO WREST PRIME MINISTERSHIP BY FORCE OF NUMBERS, OFFICE FINALLY FELL TO FUKUDA LIKE RIPE PERSIMMON AFTER LDP'S GENERAL ELECTION SETBACK. LIKE PERSIMMON, JOB MAY TURN OUT TO HAVE ITS ASTRINGENT SIDE.

2. AT 71, FUKUDA COMES TO OFFICE OUT OF PHASE, FOUR YEARS LATER THAN HE HAD HOPED. MOST THOUGHT HIM OBVIOUS CANDIDATE TO SUCCEED SATO IN 1972, BUT, AFTER BITTER INTRA-LDP STRUGGLE, HE WAS BEATEN OUT BY TANAKA. TWO YEARS LATER, STAND-OFF BETWEEN FUKUDA AND TANAKA'S CHOICE FOR PRIMIN, OHIRA, WAS FINALLY RESOLVED IN FAVOR OF MIKI. GRADUAL WARMING OF RELATIONSHIP BETWEEN FUKUDA AND OHIRA, COMBINED WITH TANAKA'S MID-SUMMER ARREST, TIPPED BALANCE AGAINST MIKI AND ELIMINATED SERIOUS CHALLENGERS TO
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FUKUDA. AFTER NEARLY TWO YEARS OF INTRA-PARTY SQUABBLING, REDOLENT OF WORST SIDE OF OLD-STYLE LDP POLITICS, FUKUDA SECESSION SEEMS ANTI-CLIMATIC, PROMPTING ONE (IN-HOUSE) OBSERVER TO QUIP BEST CHOICE FOR PRIMIN NOW WOULD BE MIKI IF HE HADN'T JUST BEEN OUSTED.

3. FUKUDA'S ACCESSION SIGNALS RETURN TO MORE TRADITIONALLY POST-WAR PRIME MINISTERIAL MODEL. IN CONTRAST TO TANAKA AND MIKI, FUKUDA SHARES "ELITE COURSE" EDUCATION AND BUREAUCRATIC BACKGROUND OF MOST JAPANESE POST-WAR PRIME MINISTERS. THROUGHOUT HIS SCHOOLING, FUKUDA WAS AMONG BRIGHTEST OF BRIGHT. HE SPENT SOME TWENTY YEARS IN FINANCE MINISTRY BEFORE ENTERING POLITICS IN 1952, AND HIS FORTE REMAINS DOMESTIC AND INTERNATIONAL ECONOMICS. HE HAS HELD ALL MAJOR ECONOMIC CABINET POSTS, WITH LONG SERVICE AS FINANCE MINISTER, IN ADDITION TO STINTS AS FOREIGN MINISTER (1971-72) AND LDP SECRETARY GENERAL. MOST RECENTLY (1974-1976), HE WAS DEPUTY PRIMIN AND DIRGEN

OF ECONOMIC PLANNING AGENCY; HE RESIGNED LESS THAN TWO MONTHS AGO TO UNDERSCORE MIKI CHALLENGE.

4. FUKUDA'S BUREAUCRATIC BACKGROUND AND TEMPERAMENT INCLINE HIM TO RELY HEAVILY ON ADVISORS. IN ADDITION TO IMMEDIATE FAMILY MEMBERS, WHO SHARE MUCH OF HIS INVOLVEMENT IN POLITICS, THERE ARE CLOSE POLITICAL CRONIES, FACTION MEMBERS (NOW NUMBERING OVER 70), BUSINESS FRIENDS AND BUREAUCRATIC COLLEAGUES. THESE ADVISORS ARE STAUNCHLY ANTI-COMMUNIST AND TEND TOWARD A DECIDEDLY CONSERVATIVE APPROACH IN BOTH POLITICS AND ECONOMICS. THEY ARE DIVIDED, HOWEVER, MOSTLY ALONG GENERATIONAL LINES, ABOUT HOW FUKUDA SHOULD APPROACH HIS NEW JOB: OLDER FRIENDS FAVOR MORE TRADITIONAL APPROACH OF PARTY UNITY AND "DECISIVENESS," WHILE YOUNGER ADVISORS URGE A NEW IMAGE AND MORE FLEXIBLE STANCE.

5. FUKUDA ALSO BRINGS TO OFFICE A HAWKISH "OLD GUARD"
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IMAGE, MAINLY ATTRIBUTABLE TO THOSE ASSOCIATED WITH HIM SUCH AS FORMER PRIME MINISTER, WHOSE FACTION HE INHERITED. EVEN FUKUDA'S CRITICS, HOWEVER, ADMIT THAT FUKUDA HIMSELF IS PROBABLY LESS CONSERVATIVE AND MORE FLEXIBLE THAN HIS IMAGE. NEVERTHELESS, THIS IMAGE IS LIKELY TO LEAD OPPOSITION PARTIES AND AT LEAST MEDIA LOWER LEVELS TO APPROACH FUKUDA ADMINISTRATION WITH NOTE OF SUSPICION, IF NOT DISTRUST.

6. WITHIN LDP, FUKUDA HAS REPUTATION FOR CAUTION AND LACK OF TASTE FOR ROUGH POLITICAL INFIGHTING, EVEN THOUGH HE HAS MADE HIS SHARE OF ENEMIES OVER TIME. DESPITE SOME LINGERING UNHAPPINESS IN MIKI FACTION AND AMONG YOUNGER DIET MEMBERS, HOWEVER, IT IS FAIR TO SAY HE NOW ENJOYS BROAD SUPPORT OF ALL MAJOR AND MINOR LDP FACTIONS, MAKING HIS ADMINISTRATION, IN TERMS OF PARTY UNITY, STRONGEST IN NEARLY FIVE YEARS.

7. FUKUDA'S RELATIONSHIP WITH BUREAUCRACY SHOULD BE EASY AND COMFORTABLE. HE SHARES THEIR APPROACH TO PROBLEMS AND HE WILL RELY ON THEM MUCH MORE HEAVILY THAN MIKI. IN ADDITION, FUKUDA ENJOYS UNUSUALLY GOOD RELATIONS WITH POWERFUL JAPANESE BUSINESS COMMUNITY, WHICH HAVE MADE NO SECRET OF THEIR PREFERENCE FOR FUKUDA DURING MIKI YEARS.

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8. IF TANAKA APPRECIATED US POWER AND MIKI RESPECTED AMERICAN IDEALS, FUKUDA FEELS MORE DEEPLY THAT THERE IS-- AND OF NECESSITY MUST BE--AN UNUSUALLY INTIMATE RELATIONSHIP BETWEEN OUR TWO COUNTRIES. HE HAS REPEATEDLY AFFIRMED JAPAN-US TIE WILL BE HIS TOP PRIORITY. RELATIONSHIP, IN FUKUDA'S VIEW, HAS TWO AXES: ECONOMICS AND SECURITY. ACCORDING TO CLOSE ADVISORS, FUKUDA BELIEVES CURRENT CHALLENGES TO JAPAN ARE MAINLY ECONOMIC. EC CHALLENGE TO JAPANESE EXPORTS AND US ASSERTION OF 200-MILE FISHERIES ZONE ARE CURRENT ISSUES. HE UNDERSTANDS BROAD INTERNATIONAL ECONOMIC MATTERS--TRADE, ENERGY, RESOURCES--WILL AFFECT IMPORTANTLY, PERHAPS DECISIVELY, CONFIDENTIAL

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EFFORTS TOWARD ECONOMIC RECOVERY AT HOME. NOT SURPRISINGLY, FUKUDA SEES US AS A KEY FACTOR IN THESE AREAS.

9. FUKUDA IS ALSO CONSCIOUS, OF COURSE, OF JAPAN'S RELIANCE ON US FOR ITS SECURITY BUT, JUDGING FROM HIS

CONVERSATIONS WITH TOP EMBASSY OFFICIALS OVER THE YEARS, HE BELIEVES THIS ASPECT OF OUR RELATIONSHIP IS LESS PROBLEMATIC. DESPITE HIS HAWKISH IMAGE, HE HAS TOLD EMBOFFS HE FAVORS ONLY PRESENT MODEST PACE OF JAPANESE ARMS BUILD-UP. THERE IS NO INDICATION HE WANTS NUCLEAR ARMAMENT, AS HIS CRITICS HAVE OCCASIONALLY CHARGED. HE BELIEVES, INSTEAD, THAT JAPAN IS MORE LIKELY TO INCREASE ITS WORLDWIDE PRESTIGE AND INFLUENCE THROUGH ECONOMIC ACHIEVEMENTS. JAPAN'S "SECURITY CONTRIBUTION," FUKUDA HAS SAID, SHOULD BE MADE IN ECONOMIC NOT MILITARY SPHERE.

10. FUKUDA'S MOST INTIMATE ADVISORS HAVE STRESSED HIS BELIEF IN FULL AND ABSOLUTELY FRANKS CONSULTATIONS WITH US. MEDIA HAS ALREADY NOTED HIS DESIRE FOR A BILATERAL MEETING WITH PRESIDENT-ELECT, FOLLOWED BY AN INTERNATIONAL ECONOMIC SUMMIT CONFERENCE (TOKYO 18659). AT CENTER OF HIS THINKING WILL BE RELATIONSHIP AMONG INDUSTRIALIZED DEMOCRACIES; HE WILL BE SEEKING, FOR EXAMPLE, US UNDERSTANDING AND SUPPORT IN ONGOING JAPAN-EC DISCUSSIONS. CONSULTATIONS WITH NEW US ADMINISTRATION, WE ARE TOLD, WILL ALSO SET TONE FOR POSSIBLE JAPANESE DIPLOMATIC INITIATIVES TOWARD PRC AND USSR. FUKUDA HAS ALREADY MADE IT CLEAR HE FAVORS EARLY CONCLUSION OF A JAPAN-CHINA PEACE AND FRIENDSHIP TREATY. BUT HE WILL WANT HIS INTENTIONS FULLY UNDERSTOOD--AND PERHAPS TACITLY ACCEPTED--BY US. HE WILL ALSO WANT TO DISCUSS POSSIBLE ECONOMIC COOPERATION WITH SOVIET UNION, AND US POSTURE TOWARD KOREA AND TAIWAN WITH WHICH HE HAS LONG HAD CORDIAL PERSONAL TIES. ALTHOUGH POSSIBILITY CANNOT BE RULED OUT, IT NOW SEEMS UNLIKELY FUKUDA WOULD

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BE TEMPTED TO SEEK A DIPLOMATIC "SUCCESS" SHOULD DOMESTIC ISSUES PROVE INTRACTABLE.

11. AT HOME FUKUDA'S MAIN CHALLENGES WILL BE IMPROVEMENT OF ECONOMY AND MAINTAINING SCANT CONSERVATIVE UPPER HOUSE MAJORITY. UPPER HOUSE ELECTION IS ONLY SIX MONTHS OFF AND ODDS ARE STILL AT LEAST FIFTY-FIFTY CONSERVATIVES WILL LOSE THEIR MAJORITY. ALTHOUGH THAT LOSS MAY NOT COST FUKUDA HIS PRIME MINISTERSHIP, UPPER HOUSE RACE WILL CLEARLY INFLUENCE SIGNIFICANTLY ALL FUKUDA ADMINISTRATION DECISIONS.

12. IMPROVEMENT OF DOMESTIC ECONOMY IS, MOST IN JAPAN AGREE, KEYED IMPORTANTLY TO STIMULATIVE MEASURES INCORPORATED IN NEW GOJ BUDGETS. DOUBTLESS THERE ARE DIFFERENCES WITHIN LDP OVER NATURE AND EXTENT OF STIMULATION. JUDGING FROM PAST EXPERIENCE, FUKUDA HIMSELF MIGHT INCLINE TO

FISCAL RESTRAINT AND WORRY MORE THAN SOME COLLEAGUES ABOUT INFLATIONARY IMPACTS. FOR MAINLY POLITICAL REASONS, OTHERS WITHIN LDP--AND CERTAINLY OPPOSITION PARTIES AND UNIONS--WILL WANT HIGHLY VISIBLE TAX RELIEF FOR INDIVIDUALS. IN EITHER EVENT, BUDGET DELIBERATIONS, ALONG WITH CONTINUING LOCKHEED INVESTIGATION AND POSSIBLE SPIN-OFF OF KCIA INVESTIGATION IN US, ARE LIKELY TO BE MAIN FEATURES OF UPCOMING DIET. WITH LDP'S SHARPLY REDUCED MAJORITY IN LOWER HOUSE AND OPPOSITION PARTY INTEREST IN MAXIMIZING PUBLICITY BEFORE UPPER HOUSE ELECTION, FUKUDA WILL ALMOST CERTAINLY HAVE TO DEVOTE CONSIDERABLE ATTENTION TO DIET MANAGEMENT ISSUES DURING WHAT PROMISES TO BE STORMY DIET SESSION.

13. FUKUDA'S SUCCESS AND LONGEVITY OF HIS ADMINISTRATION WILL BE UNUSUALLY DEPENDENT ON HIS ABILITY TO OVERCOME SUBSTANTIAL PERSONAL AND LDP IMAGE PROBLEMS. HE APPEARS TO RECOGNIZE THIS, BUT THERE ARE FORMIDABLE DIFFICULTIES. HE IS LIKELY TO STRIKE AN APOLOGETIC NOTE, PROMISING TO

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RECTIFY PAST LDP FAILINGS IN HIS INITIAL PUBLIC APPEARANCES. MEDIA AND PUBLIC WILL BE MOST INTERESTED IN CONTINUED PURSUIT OF LOCKHEED INVESTIGATION (WHICH SHOULD NOT TROUBLE FUKUDA) AND ABOLITION OF LDP FACTIONS, MUCH EASIER TO PROMISE THAN ACHIEVE. FUKUDA HAS ALSO SCHEDULED ROUND OF CONCILIATORY MEETINGS WITH OPPOSITION PARTY LEADERS (EXCEPTING JCP) WHICH, ALTHOUGH TACTICALLY DESIRABLE, IS UNLIKELY TO REDUCE DIET MANAGEMENT DIFFICULTIES, IF ONLY BECAUSE UPPER HOUSE ELECTION IS SO NEAR AND SO IMPORTANT. FUKUDA WILL HAVE ANOTHER OPPORTUNITY TO IMPROVE PARTY IMAGE IN FORMATION OF HIS CABINET, BUT HERE TOO HIS WIDELY PUBLICIZED QUEST FOR FRESH, CLEAN CABINET MEMBERS APPEARS LIKELY TO BE COMPROMISED HEAVILY BY HIS OBLIGATION TO REPAY LDP FACTION LEADERS WHO PUT HIM IN OFFICE. QUESTION, IN SHORT, IS WHETHER FUKUDA WILL BE ABLE TO BORROW FROM MODERN, POPULARLY ORIENTED STYLES OF MIKI AND CARTER, OR BE PULLED BACK INTO MOLD CREATED BY COLLEAGUES AND EXPERIENCE OF PAST. SHOESMITH

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